

MJD Communications, Inc.

Docket No. 00-0161

Statement of Robert F. Koch, Telecommunications Division

April 17, 2000

I. The Requirements of the Public Utilities Act ("Act")

The requirements of the Act for corporate reorganizations are found in Section 7-204, and are as follows:

(b) No reorganization shall take place without prior Commission approval. The Commission shall not approve any proposed reorganization if the Commission finds, after notice and hearing, that the reorganization will adversely affect the utility's ability to perform its duties under this Act. In reviewing any proposed reorganization, the Commission must find that:

- (1) the proposed reorganization will not diminish the utility's ability to provide adequate, reliable, efficient, safe and least-cost public utility service;*
- (2) the proposed reorganization will not result in the unjustified subsidization of non-utility activities by the utility or its customers;*
- (3) costs and facilities are fairly and reasonably allocated between utility and non-utility activities in such a manner that the Commission may identify those costs and facilities which are properly included by the utility for ratemaking purposes;*

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- (4) *the proposed reorganization will not significantly impair the utility's ability to raise necessary capital on reasonable terms or to maintain a reasonable capital structure;*
- (5) *the utility will remain subject to all applicable laws, regulations, rules, decisions and policies governing the regulation of Illinois public utilities;*
- (6) *the proposed reorganization is not likely to have a significant adverse effect on competition in those markets over which the Commission has jurisdiction; and*
- (7) *the proposed reorganization is not likely to result in any adverse rate impacts on retail customers.*

(c)The Commission shall not approve a reorganization without ruling on (i) the allocation of any savings resulting from the proposed reorganization; and (ii)whether the companies should be allowed to recover any costs incurred in accomplishing the proposed reorganization and, if so, the amount of costs eligible for recovery and how the costs will be allocated.

(d) The Commission shall issue its Order approving or denying the proposed reorganization within 11 months after the application is filed. The Commission may extend the deadline for a period equivalent to the length of any delay which the Commission finds to have been caused by the Applicant's failure to provide data or information requested by the

Commission or that the Commission ordered the Applicant to provide to the parties. The Commission may also extend the deadline by an additional period not to exceed 3 months to consider amendments to the Applicant's filing, or to consider reasonably unforeseeable changes in circumstances subsequent to the Applicant's initial filing.

(e) Subsections (c) and (d) and subparagraphs (6) and (7) of subsection (b) of this Section shall apply only to merger applications submitted to the Commission subsequent to April 23, 1997. No other Commission approvals shall be required for mergers that are subject to this Section.

(f) In approving any proposed reorganization pursuant to this Section the Commission may impose such terms, conditions or requirements as, in its judgment, are necessary to protect the interests of the public utility and its customers.

/I. Staff Analysis of Joint Application

A. Financial Analysis Division, Finance Section

Michael McNally has reviewed the application and has stated for the record that he recommends that the Commission accept the proposed reorganization of the Joint Application from a financial perspective. Specifically, he finds that the Company has satisfied the requirements of Section ~~702-B.4~~ of the Act.

7-204.B.4

B. Financial Analysis Division, Accounting Section

Wanda Hensley has reviewed the application and has stated for the record that she recommends that the Commission accept the proposed reorganization of the Joint Application from an accounting perspective. Specifically, she finds that the Company has satisfied the requirements of Section ~~702.C~~ of the Act.

7-204.C

C. Telecommunications Division

I have reviewed this application and have found that the Company will have meet the remainder of the requirements of Section ~~702~~ of the Act as long as it abides by the following conditions:

7-204

1. Staff shall be granted access to all books, accounts, records, and personnel of MJD Communications, Inc., Odin Telephone Exchange, Inc., C-R Telephone Company, The El Paso Telephone Company, Yates City Telephone Company, and all their utility and non-utility affiliated parent, sister, and subsidiary companies, as well as independent auditors' work papers.
2. Odin Telephone Exchange, Inc., C-R Telephone Company, The El Paso Telephone Company, and Yates City Telephone Company shall continue to comply with 83 Illinois Administrative Code Part 712.
3. Odin Telephone Exchange, Inc., C-R Telephone Company, The El Paso Telephone Company, and Yates City Telephone Company shall not increase retail rates as a result of the reorganization.
4. In the event that any savings result from the reorganization, such savings shall be shared with ratepayers of Odin Telephone Exchange, Inc., C-R Telephone

Company, The El Paso Telephone Company, and Yates City Telephone Company.

As long as these conditions are meet, I would recommend that the Commission accept the proposed reorganization.